



Department of Justice

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FORMER HEINEKEN USA EMPLOYEE CHARGED WITH PARTICIPATING IN KICKBACK SCHEME

WASHINGTON, D.C. -- The Department of Justice today charged a former employee of Heineken USA Inc. and its predecessor Van Munching & Co. Inc. with participating in a conspiracy to commit mail fraud in connection with a kickback scheme.

The one-count criminal case, filed today in U.S. District Court in Manhattan, charges Leonard Schlachter of Manhattan with accepting approximately \$100,000 in kickbacks from two vendors of advertising and display materials in exchange for steering contracts to those vendors. According to the charges, Schlachter participated in the conspiracy between 1993 and 1996, and received the kickbacks through the United States mail.

"The Antitrust Division is committed to prosecuting conduct that prevents free and open competition in any market," said Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division. "The defendant took substantial kickbacks, subverted the company's procurement process, froze out other legitimate competitors, and thus denied his employers the benefits of competition."

Today's charges are the latest to arise out of an ongoing investigation into collusive practices in the point-of-purchase advertising and display materials industry. Point of purchase advertising and display materials are used to advertise and display various kinds of consumer goods at retail stores.

To date, 28 individuals and nine corporations have been convicted on various federal

charges as a result of the investigation. Earlier prosecutions have involved personnel at Philip Morris Inc. (New York City), Heublein Inc. (Farmington, Connecticut), Hiram Walker & Sons Inc. (Southfield, Michigan), Warner-Lambert Co. (Morris Plains, New Jersey), Austin Nichols & Co. Inc. (New York City), Lorillard Tobacco Co. Inc. (Greensboro, North Carolina), Joseph E. Seagram & Sons Inc. (New York City), William Grant & Sons Inc. (Edison, New Jersey), and Domecq Importers Inc. (Old Greenwich, Connecticut).

Schlachter worked as director of merchandising at Van Munching & Co. Inc. and later at Heineken USA Inc. from 1982 until 1996. He had substantial discretion to select, and contract with, suppliers of point-of-purchase advertising and display materials.

Heineken USA Inc. imports and distributes Heineken, Amstel Light, and related brands of beer. It is owned by Heineken N.V. of Holland, the world's second-largest brewer. In 1994, Heineken USA assumed responsibility for importing and distributing Heineken beer in the United States from Van Munching & Co. Inc., which had performed those functions since 1933.

The investigation is being conducted by the Antitrust Division's New York Field Office, with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation Division.

Schlachter faces a maximum sentence of up to five years in prison and a fine not to exceed the greatest of \$250,000, twice the pecuniary gain derived from the crime or twice the gross pecuniary loss caused to the victims of the crime. In addition, he could, on conviction, be ordered to pay restitution to any victim for the amount of that victim's loss.

Anyone with information concerning bid rigging, bribery, or fraud in the advertising and

- 3 -

display materials industry should contact the New York Field Office of the Antitrust Division at (212) 264-0677 or the New York Division of the FBI at (212) 384-3252.

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